

THE ECONOMY OF INDO-CHINA

Brazil's domination of the world coffee market puts other exporters at the mercy of her national caprice. An international coffee congress was held at Rio, in April 1931, in which Brazil vainly tried to come to an understanding with other coffee planters. Since Brazil produces 80 per cent of the world's coffee, she was quite able to pursue her policy single-handed. By means of a heavy export tax, the government bought up and destroyed enough coffee to absorb the annual over-production and reserve supplies. This drastic measure forcibly tied production to consumption. Plantations were restricted and new plants were taxed. In December 1932 an even stricter law forbade the planting of new trees for the next three years*

The Metropolitan market for Indo-Chinese coffee is still essentially unaffected, although Brazilian action may, independently, change the world price of coffee. The colony's coffee planters naturally want a guaranteed market in France, and insist upon higher protection against their foreign rivals. France long remained deaf to their appeals. The Minister of Commerce even claimed that Brazilian over-production made it wholly unnecessary for Indo-China to grow coffee. By 1931, however, Paris grasped the seriousness of the situation and permitted a bonus, albeit insufficient, to be offered to coffee planters in distress. The colonial government has been more solicitous, and through its efforts, Indo-Chinese coffee has weathered the storm. By 1932, the situation had definitely improved, although negotiations with Brazil since that time have deceived the hopes that were raised as to the achievement of price stability.

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Unlike coffee, Indo-China offers a definite local as

well as a Metropolitan market for her tea, and is the only French colony where a large-scale production is possible. Although the crop really began with the twentieth century, and its quality is in no way remarkable, it has attracted capital investment and has achieved a rapid increase in exportation. Modern methods could improve the output, since conditions in Indo-China are analogous to those of the Dutch East Indies, and even superior to Ceylon and India.

Native tea crops cover 25,000 hectares, and those of Europeans, situated mostly in the redlands, only about 4,000. Native tea has, for all but the Indo-Chinese, an unpleasant flavour, so it is only the industrially prepared tea, especially that of Annam, which has a future as an export.. Internal and external circumstances control this, to-